



GOVERNOR'S OFFICE OF
BUDGET AND PROGRAM PLANNING

Fiscal Note 2011 Biennium

Bill #	HB0132	Title:	Diversion from involuntary commitment to short-term inpatient treatment
Primary Sponsor:	Stoker, Ron	Status:	As Amended

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| <input checked="" type="checkbox"/> Significant Local Gov Impact | <input type="checkbox"/> Needs to be included in HB 2 | <input checked="" type="checkbox"/> Technical Concerns |
| <input type="checkbox"/> Included in the Executive Budget | <input type="checkbox"/> Significant Long-Term Impacts | <input type="checkbox"/> Dedicated Revenue Form Attached |

FISCAL SUMMARY

	<u>FY 2010 Difference</u>	<u>FY 2011 Difference</u>	<u>FY 2012 Difference</u>	<u>FY 2013 Difference</u>
Expenditures:				
General Fund	\$1,069,444	\$2,299,500	\$2,356,988	\$2,415,912
Revenue:				
General Fund	(\$108,824)	(\$253,938)	(\$261,556)	(\$269,403)
Net Impact-General Fund Balance	<u>(\$1,178,268)</u>	<u>(\$2,553,438)</u>	<u>(\$2,618,544)</u>	<u>(\$2,685,315)</u>

Description of fiscal impact:

HB 132 establishes funding for the Department of Public Health and Human services to contract with mental health facilities to provide availability for short term inpatient treatment services for qualifying individuals for up to 14 days. Treatment in a short-term inpatient treatment facility diverts individuals from involuntary commitments and placement in the Montana State Hospital.

FISCAL ANALYSIS

Assumptions:

1. Inpatient beds are available within community hospitals or at the Montana State Hospital.
2. Services will be provided through a hospital or Behavioral Health Inpatient Facility. These services will be phased in during FY 2010. Costs at such a facility are estimated at \$700 per bed day. It is estimated that total costs for these beds will be \$2,299,500 (\$700 x 9 beds x 365 days). However, these services will be phased in during FY 2010 with three beds being available beginning September 1, 2009, and the six additional beds being available April 1, 2010. The total cost for these beds in FY 2010 is \$1,021,974 (3

beds x \$700 x .8333 (10 months) x 365 days = \$638,724) + (6 beds x \$700 x .25 (3 months) x 365 days = \$383,250).

3. Operating costs of \$40,000 are included to provide contracted services for a consultant who can assist with the development of a Request for Proposal and contract for a vendor who can begin providing services as of September 1, 2009.
4. A 2.5% inflationary increase is included for FY 2012 & FY 2013.
5. It is anticipated that there will not be a material decrease in costs at the state hospital for the projected drop in the number of admissions.

Business and Financial Services Division

6. In FY 2008, the Department of Public Health and Human Services received \$648,794 in revenue from the counties for pre-commitment costs. These collections are deposited to the state's general fund.
7. The Law and Justice interim committee report concluded that in FY 2007 38% of emergency and court-ordered admissions to Montana State Hospital did not result in commitments. We utilized this percent to determine the revenue that would be lost to the general fund.
8. The local beds made available in the contracted mental health facilities would result in a reduction of a base revenue in the amount of \$246,542 in FY 2010 ($\$648,794 \times 38\% = \$246,542$). However, as the services are to be phased in (three beds available September 2009 through June 2010 and the six additional beds available April 2010 through June 2010), the actual revenue reduction in FY 2010 is $\$108,824 (246,542 \times .83 \times .33) + (246,542 \times .25 \times .67)$.
9. A three percent increase is estimated in the amount of decreased revenue, in addition to the fully annualized amount of \$246,542 for FY 2010, in each of the following three fiscal years.

Director's Office

10. Legal Services, within the Director's Office, will incur expenditures for legal fees for work on rules and contract preparation and review, in addition to filing fees.
11. The department's legal staff is working at capacity, therefore, these services will need to be contracted out through temp services and using Agency Legal Services through the Department of Justice.
12. It is estimated that the total legal costs are \$6,720 for Legal fees ($\84×80 Agency Legal Services hours) and \$750 in filing fees ($15 \text{ pages} \times \$50/\text{page filing fee}$), for a total of \$7,470.

	<u>FY 2010 Difference</u>	<u>FY 2011 Difference</u>	<u>FY 2012 Difference</u>	<u>FY 2013 Difference</u>
<u>Fiscal Impact:</u>				
<u>Expenditures:</u>				
Operating Expenses	\$47,470	\$0	\$0	\$0
Transfers	\$1,021,974	\$2,299,500	\$2,356,988	\$2,415,912
TOTAL Expenditures	\$1,069,444	\$2,299,500	\$2,356,988	\$2,415,912
<u>Funding of Expenditures:</u>				
General Fund (01)	\$1,069,444	\$2,299,500	\$2,356,988	\$2,415,912
<u>Revenues:</u>				
General Fund (01)	(\$108,824)	(\$253,938)	(\$261,556)	(\$269,403)
<u>Net Impact to Fund Balance (Revenue minus Funding of Expenditures):</u>				
General Fund (01)	(\$1,178,268)	(\$2,553,438)	(\$2,618,544)	(\$2,685,315)

Effect on County or Other Local Revenues or Expenditures:

1. This bill would reduce county expenditures for housing and transporting individuals.

Technical Notes:

1. Inpatient beds are available within community hospitals or at the Montana State Hospital.
2. Proposed language does not mandate a secure facility, but requires consideration for the safety of respondent, other patients, staff, and the general public. No secure crisis beds are available at this time other than in an inpatient hospital setting. We anticipate three secure beds will be available in Butte in February 2009. An RFP will be developed to locate a contractor who would be willing to provide these services.
3. The timeframe to implement the program beginning September 1, 2009 will not allow adequate time to develop administrative rules and provide for the required public comment period.
4. We anticipate that there would not be a material decrease in costs at the state hospital for the projected drop in the number of admissions.
5. The estimated decrease in revenue collected is also reflected for the fiscal note for HB 131. If both of these bills are signed, the estimated reduction in revenue needs to be eliminated from one of these bills.
6. We expect a decrease in Medicare, Medicaid, and insurance payments, as well, but we are unable to reasonably estimate the impact of these reductions.
7. Providers will be responsible for billing responsible parties, including insurance companies, Medicaid, and Medicare and then providing reimbursement back to the department for any monies recovered. However New Section 1(2) does not require reimbursement to the department for monies recovered for beds contracted by the department, potentially resulting in double payment for the beds.
8. 53-21-132(2)(a) does not provide for the mentally ill person's ability to pay. New Section 9(3) does not provide for the mentally ill person's ability to pay.
9. In the event that HB 645 does not pass with the funding for this bill, this act is void.

*Sponsor's Initials*_____
*Date*_____
*Budget Director's Initials*_____
Date

